



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 28, 2006

H. J. Res. 86

Approving the renewal of import restrictions contained in the Burmese Freedom and Democracy Act of 2003

As cleared by the Congress on July 26, 2006

SUMMARY

H.J. Res. 86 renews for one year the ban of all imports from Burma. The ban was originally enacted as the Burmese Freedom and Democracy Act of 2003 (Public Law 108-61) and was set to expire on July 28, 2004. Public Law 108-272 renewed the ban for one year through July 28, 2005, and Public Law 109-39 renewed the ban for one additional year through its current expiration date of July 28, 2006.

The President may lift the import restrictions if the State Peace and Development Council (SPDC), the military regime of Burma, has made substantial and measurable progress to end violations of human rights, implemented a democratic government, and met its obligations under international counter-narcotics agreements. The President also will have the authority to terminate the restrictions upon the request of a democratically elected government in Burma or waive them in the national interest.

The original legislation limited renewals of the ban to a total of three years. H.J. Res 86 increases that limit to six years, thereby allowing three additional one-year bans. CBO estimates that extending the ban on U.S. imports from Burma will reduce federal revenues by less than \$500,000 in 2006 and by about \$1 million in 2007, with no effect thereafter. CBO estimates enacting H.J. Res. 86 will not affect federal spending.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.J. Res. 86 is shown in the following table.

	By Fiscal Year, in Millions of Dollars					
	2006	2007	2008	2009	2010	2011
CHANGES IN REVENUES						
Estimated Revenues	*	-1	0	0	0	0
* = Loss of less than \$500,000.						

BASIS OF ESTIMATE

Under H.J. Res. 86, the President has the authority to lift or waive the ban imposed by the resolution. For this estimate, CBO assumes that the President will not exercise this authority before the termination of the one-year ban.

Based on data from the U.S. International Trade Commission on recent U.S. imports from Burma, information from several government agencies, and CBO's most recent forecast of total U.S. imports, CBO estimates that enacting H.J. Res. 86 will reduce federal revenues by less than \$500,000 in 2006 and by about \$1 million in 2007, net of income and payroll tax offsets.

In recent years, over half of all U.S. imports from Burma have been knitted or crocheted clothing and apparel goods. The remaining imports include apparel items not knitted or crocheted, certain types of fish and crustaceans, goods made of wood, certain precious and semiprecious stones and metals, and woven fabrics and tapestries. In 2001 and 2002, roughly 80 percent of duties collected on these imports came from knitted and crocheted articles. CBO assumes that most of the banned imports will be replaced with imports from other countries.

The President may remove the ban on imports upon the request of a democratically elected government in Burma or if he were to determine and notify Congress that to do so is in the national interest. Should the ban be lifted, U.S. companies would be allowed to resume importation of goods produced, manufactured, grown, or assembled in Burma. It is unclear whether or when the President would exercise the authority to lift or waive the ban on imports from Burma. If such an action were taken during the 2006-2007 period, the impact on federal revenues would be reduced accordingly.

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